

University of Mississippi

eGrove

AICPA Professional Standards

American Institute of Certified Public
Accountants (AICPA) Historical Collection

1973

Ballot Draft: Proposed Revision of the Institute's Bylaws and Implementing Resolutions of Council

American Institute of Certified Public Accountants (AICPA)

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_prof



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Ballot Draft

PROPOSED REVISION of the INSTITUTE'S BYLAWS and IMPLEMENTING RESOLUTIONS of COUNCIL

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

666 FIFTH AVENUE • NEW YORK, N. Y. 10019

Ballot Draft

PROPOSED REVISION of the INSTITUTE'S BYLAWS and IMPLEMENTING RESOLUTIONS of COUNCIL

**BYLAWS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
AS AMENDED XXX**

Brief Explanations of Proposed
Revisions

I. To make the statement of purpose more
concise.

2.1.2. Presently, all applicants for membership are elected by Council at an annual administrative cost of \$1,500. The election has become perfunctory since in a decade, fewer than twenty challenges—many unsustained—have been made. The proposal would eliminate election to membership by Council, but the status of every applicant would continue to be checked with the state board and CPA society, and applicants passing such review and meeting the admission requirements would be admitted without formal election. Issues raised by the review would be referred to the Board of Directors for resolution.

I. NAME AND PURPOSE

The name of this organization shall be the American Institute of Certified Public Accountants. *In keeping with the Institute's certificate of incorporation,* its objectives shall be to unite ~~the accountancy profession~~ *certified public accountants* in the United States; ~~as constituted by the certified public accountants of the several states, territories, possessions and the District of Columbia;~~ to promote and maintain high professional and moral standards of practice; ~~within the accountancy profession;~~ to assist in the maintenance of high standards for the ~~certified public accountant certificate in the several states~~ *entry to the profession;* to ~~safeguard~~ *promote* the interests of CPAs; to develop and improve ~~accountancy accounting~~ education; and to encourage cordial relations ~~among certified public accountants between CPAs practicing in the United States of America and professional accountants of similar status in other countries. of the world.~~

II. ADMISSION TO MEMBERSHIP AND ASSOCIATION

2.1. Members

Members of the Institute shall be

2.1.1. Members of the Institute at the effective date of these bylaws, and

2.1.2. Persons who shall qualify for ~~election~~ *admission* as provided in section 2.2 of this article *and who shall be admitted by the Board of Directors.* ~~and shall be recommended by the committee on admissions and shall be elected by the Council.~~

2.2. Requirements for Membership

The following persons may qualify for ~~election~~ *admission* as members of the Institute:

2.2.1. Those who are in possession of valid and unrevoked certified public accountant certificates issued by the legally constituted state authorities ("state," when it appears in these bylaws *and in implementing resolutions of Council,* shall be understood to include the states, territories, or territorial possessions of the United States or the District of Columbia), and

~~2.2.2.~~ Who shall have passed an examination in accounting and other related subjects satisfactory to the ~~committee on admissions, and Board of Directors.~~

~~2.2.3 and 2.3.~~ In May 1969, Council approved the report of the committee on education and experience requirements for CPAs, which recommended that there be no experience requirement for CPA candidates whose degree programs cover the common body of knowledge, and to date, eleven jurisdictions provide for the grant of a CPA certificate without meeting an experience requirement. Consistent with the Council policy, it is proposed to eliminate the experience requirement for membership and the related provision empowering the committee on admissions to evaluate experience in order to permit the admission of CPAs who may not have been obliged to fulfill an experience requirement under state statutes.

~~2.2.3.~~ Who shall have been in public accounting practice, on their own account or in the employ of a practicing public accountant, for not less than two years, or shall have had experience which in the opinion of the committee on admissions is equivalent to two years' public accounting practice, and at the date of application shall be engaged in work related to accounting.

~~2.3. Experience~~

~~All credits for experience shall be allotted by the committee on admissions, and the committee shall have discretion to determine whether or not any applicant's experience is of a nature satisfactory for purposes of these bylaws.~~

~~2.3.~~

~~2.4. Certificate of Membership~~

2.3. To limit the return of membership certificates to terminations for disciplinary reasons. In all other cases, the former member will be asked to destroy the certificate or refrain from displaying it.

Upon ~~election~~ admission each member shall be entitled to a certificate setting forth that he is a member of the Institute, but no certificate shall be issued until receipt of dues for the current year. Certificates of membership shall be returned to the Secretary of the Institute upon suspension or termination of membership for ~~any cause except death~~ for disciplinary reasons.

~~2.4.~~

~~2.5. Right of Members to Describe Himself Themselves as Such~~

2.4. To conform the bylaws to similar provisions in the Code of Professional Ethics.

A members of the Institute shall be entitled to ~~describe themselves~~ use the designation as "Members of the American Institute of Certified Public Accountants." A firm all of whose partners or shareholders are members shall be entitled to use the designation "Members of the American Institute of Certified Public Accountants."

~~2.6. Associates~~

~~2.6 through 2.9.~~ Under the present bylaws, CPAs with less than the required experience are given the opportunity to become associates. Such provision would become unnecessary with the elimination of the experience requirement for admission to membership (see ~~2.2.3~~).

~~Associates of the Institute shall be persons who shall qualify for election as provided in section 2.7 of this Article and shall be rec-~~

~~ommended by the committee on admissions and shall be elected by the Council.~~

~~2.7. Requirements for Association~~

~~Persons who have the qualifications described in sections 2.2.1 and 2.2.2 of this Article may qualify for election as associates of the Institute.~~

~~2.8. Certificate of Association~~

~~Upon election as an associate of the Institute each associate shall be entitled to a certificate stating that he is an associate of the Institute, but no such certificate shall be issued until receipt of dues for the current year. Such certificate shall be returned to the Council upon the suspension or termination of an associate's affiliation with the Institute for any cause except death or admission as a member of the Institute. If an associate is admitted as a member of the Institute, such certificate, as well as his membership certificate, shall be returned to the Council upon suspension or termination of his membership for any cause except death.~~

~~2.9. Right of Associate to Describe Himself as Such~~

~~Associates of the Institute shall not be entitled to describe themselves as "Members of the American Institute of Certified Public Accountants," but shall be entitled to describe themselves as "Associates of the American Institute of Certified Public Accountants."~~

2.5.

~~2.10. International Associates~~

International associates shall include those who were international associates on the effective date of these bylaws. Thereafter, ~~the Council may elect, as International Associates,~~ citizens of other countries ~~not practicing public accounting in the United States,~~ who shall satisfy such requirements ~~as to age, education, experience, and examination~~ as the Council may prescribe ~~may be admitted as international associates.~~ The Council shall adopt rules governing ~~the issuance and revocation of membership certificates, and the use of descriptions indicating association with the Institute by International Associates such associate membership and indications thereof.~~

(See implementing resolution, page 27.)

2.5. International associates are now elected by Council. It is proposed that the procedure for becoming an international associate would be identical to that followed for applicants for membership.

III. ORGANIZATION AND PROCEDURE

~~This article shall govern the organization and procedure of the Institute, apart from financial management and controls regulated by Article IV.~~

3.1. General

3.1. In the present bylaws, no mention is made of operating divisions and boards as a part of the Institute's structure. The amendments would rectify this omission.

The organization of the Institute shall include the members, *the Council, the Board of Directors, officers, committees (including sub-committees, boards, sub-boards, task forces, and the like, standing or otherwise).*

The Board of Directors may from time to time organize the committees and staff of the Institute into divisions and, subject to section 3.6, may adopt rules of procedures and operating policies for such divisions.

3.2. Membership

The rights and powers of the membership of the Institute shall be as hereinafter defined.

3.2.1. Attendance at Meetings

Every member *and international associate* of the Institute shall be entitled to attend all meetings of the Institute.

3.2.2. Voting Rights

Every member, but no ~~associate or~~ international associate, shall be entitled to vote in person, when in attendance, upon all questions brought before duly called meetings of the Institute, and by mail ballot for the election of Council members pursuant to sections 6.1 through 6.1.7.6, on proposed amendments to these bylaws or to the Code of Professional Ethics as provided in Article VIII, and upon proposed resolutions of the membership as provided in section 5.1.4.

3.2.3. Residence for Voting Purposes

The state from which a member may vote shall be that indicated by his mailing address as carried in the official records of the Institute, and may be either the state in which he resides or that in which his office is located.

3.2.4. *Resolutions of the Membership*

3.2.4. See 3.1.

As provided in section 5.1.4, the members by mail ballot may enact resolutions of the membership, not inconsistent with these bylaws, which shall be binding upon the membership, the Council, the Board of Directors, officers, *divisions*, committees *or boards*, and staff.

3.2.5. *Certain Positions to Be Held Only by Members*

3.2.5. Reflects change in title only.

Only members of the Institute, as defined in section 2.1, may serve as officers of the Institute or as members of the Council, the Board of Directors, or any committee or board designated as "senior" by the Council (see section 3.6.1), or as "permanent" by these bylaws (see section 3.6.2); provided, however, that the ~~Secretary Administrative Vice President~~, who need not be a member of the Institute, shall be a member of the Board of Directors.

3.3. Council

The governing body of the Institute shall be *the* Council.

3.3.1. *Composition*

The Council shall be composed of

(.1) members of the Institute directly elected by the membership in each state in accordance with sections 6.1.1 through 6.1.7.6;

(.2) representatives of the recognized state societies of certified public accountants selected in accordance with section 6.2;

(.3) twenty-one members-at-large selected in accordance with section 6.3;

3.3.1.(4). See 3.2.5 and 3.5.

(.4) *The Chairman of the Board, the Vice Chairman of the Board, the President, the four three volunteer Vice Presidents, and the Treasurer. and Executive Vice President of the Institute;*

3.3.1.(5). There no longer are living past presidents of the American Society of Certified Public Accountants. (See also 3.5.)

(.5) all past presidents of the American Institute of Accountants *and* the American Institute of Certified Public Accountants *who served prior to December 31, 1973 and and the American Society of Certified Public Accountants who* are members of the Institute; and

3.3.1(6). It is proposed in section 3.5 that the senior volunteer officer be known as Chairman of the Board and that the title of President, currently used to designate such person, be assumed by the chief full-time staff officer. (See 3.2.5 and 3.5.)

3.3.1(7). Reflects change in title only.

(6) all past Chairmen of the Board of the American Institute of Certified Public Accountants who are members of the Institute; and

~~(6)~~ (7) any members of the Board of Directors of the Institute except the ~~Administrative Vice President, Secretary,~~ not otherwise ~~made on members of~~ the Council.

3.3.2. Powers

The Council may exercise all powers requisite for the purposes of the Institute, not inconsistent with these bylaws or with duly enacted resolutions of the membership, including but not limited to the authority to prescribe the policies and procedures of the Institute and to enact resolutions binding upon the Board of Directors, the officers, *divisions*, committees or boards, and staff.

3.3.3. Reports to Membership

The actions of the Council shall be reported to the membership at least annually.

3.3.3. To relieve the Council, as a body, of the responsibility of reporting, but to require that its actions be reported to members at least once a year. It is intended that, as in the past, regular coverage of the Council's deliberations will appear in AICPA publications.

3.4. To permit the Council as the governing body to establish the composition of the Board of Directors.

3.4. Board of Directors

Between meetings of the Council, the activities of the Institute shall be directed by the Board of Directors, *the composition of which shall be prescribed by the Council.*

(See implementing resolution, page 29.)

3.4.1.

~~3.4.2.~~ Powers

3.4.1. Council is the governing body of the Institute but must operate through its Board of Directors in the interval between its two meetings each year. It is proposed to reword the Board's powers to make it clear that the Board does act on behalf of Council. In carrying out its responsibilities, the Board of Directors necessarily must make the equivalent of policy decisions, and this fact is recognized in the proposed language.

The Board of Directors *shall act as the executive committee of* ~~on behalf of Council between meetings of Council~~, shall control and manage the property, business, and activities of the Institute, and shall take whatever action it deems desirable *including the establishment of policies* for the conduct of the affairs of the Institute ~~not inconsistent with the provisions of these bylaws, resolutions of the membership, or actions of the Council. includ-~~ *ing, but not limited to, budgets approved by the Council.*

3.4.2. To clarify the intent of the provision requiring the Board's actions to be reported to the Council and to provide some flexibility in the method of reporting, particularly for the Board meeting just prior to the Council meeting. No change is intended in the present distribution of minutes and reports to Council between meetings.

3.5. The report of the committee on structure, which was approved by Council in May 1966, proposed, among other things, that the senior full-time staff employee of the Institute be given the title of President. While the other structural changes proposed in the report have now been implemented, action on the title recommendation has been deferred until this time. The Council, in October 1972, ratified its intention to designate the senior staff officer as President, and section 3.5 gives effect to that directive. In addition, provision is made to provide for a Chairman of the Board, Vice Chairman, and President instead of a President and Executive Vice President; substitute the title of Secretary for that of Administrative Vice President and substitute the position of Secretary therefor. The titles of Executive Vice President and Administrative Vice President are dropped under the new structure.

3.5.1. This addition to the bylaws is designed to provide specific authorization to the Board to appoint staff officers.

3.6. Reflects title change only (see 3.5).

3.4.2.

~~3.4.3.~~ Reports to Council

The *actions of the Board of Directors* shall be reported to the Council at ~~each meeting of the Council~~ *least semiannually*.

3.5. Officers Elected by Council

The officers of the Institute shall be a ~~President, Chairman of the Board of Directors, a Vice Chairman of the Board*~~, who shall be the Chairman of the Board Nominee, ~~four~~ *three* volunteer Vice Presidents, and a Treasurer, all of whom shall be members in practice; ~~and an Executive Vice President, a President who shall be a member and full-time employee of the Institute; and Administrative Vice President, a Secretary, both of whom~~ who shall be a full-time employees of the Institute, but need not be a member of the Institute. The Chairman of the Board, the Vice Chairman, the Treasurer, the President, and the Secretary shall have such terms of office, powers, and privileges as the Council may prescribe.

(See implementing resolution, page 29.)

3.5.1. Officers Appointed by the Board of Directors

The Board of Directors may appoint staff Vice Presidents who shall be neither members of the Board nor of the Council and who shall perform such duties as may be assigned to them by the President.

3.6. Committees

Except as otherwise provided by these bylaws or the Council (see section 3.6.1), the ~~President, Chairman of the Board, or his delegate~~, may appoint committees and boards with such duties, powers, responsibilities, and procedures as he may prescribe. ~~The President, the Executive Vice President and the Administrative Vice President~~ Chairman of the Board, the President and the Secretary shall have the privilege of the floor at meetings of all committees and boards.

(See implementing resolution, page 31.)

* Although title changes would become effective upon adoption of these proposals by the membership, the position of Vice Chairman of the Board will not be filled until action is taken on recommendations of the nominating committee at the organization meeting of Council following approval of the proposal. Until the Vice Chairman of the Board is elected, the provisions in the current bylaws for four volunteer Vice Presidents will remain in effect.

3.6.1. To clarify the fact that the bylaws govern when there is a conflict between a bylaw provision and a Council resolution establishing a senior committee.

3.6.1. Senior Committees

The Council may designate any committee or board as a "senior" committee or board. The appointment by the ~~President~~ *Chairman of the Board* of members to senior committees or boards shall require the approval of the Board of Directors. The duties, powers, responsibilities, and procedures of senior committees and boards shall be as the Council may prescribe *consistent with the specific provisions of these bylaws.*

(See implementing resolution, page 32.)

3.6.2. See 3.6.2.2.

3.6.2. Permanent Committees, ~~and Boards, and~~ Divisions

The following committees shall be permanent committees, ~~or boards, or divisions~~ of the Institute: the ~~Committee on~~ *Nominations Committee* (see section 3.6.2.1); the ~~Committee on~~ *Professional Ethics Division* (see section 3.6.2.2); the Trial Board (see section 3.6.2.3); *and* the Board of Examiners (see section 3.6.2.4). ~~and the Committee on Admissions (see section 3.6.2.5).~~

(See implementing resolution, page 33.)

3.6.2.1. See 3.5.

3.6.2.1. ~~Committee on~~ Nominations Committee

There shall be a ~~Committee on~~ *Nominations Committee* composed of seven members of the Institute, elected by the Council in such manner as the Council shall prescribe. It shall be the responsibility of the Committee to make nominations for the offices of ~~President~~, *Chairman of the Board*, *Vice Chairman of the Board*, *volunteer Vice President*, Treasurer, the Board of Directors, *the Trial Board*, and the Council, as elsewhere provided in these bylaws, and to apportion among the states directly elected Council seats pursuant to section ~~6.1.3~~ 6.1.2.

3.6.2.2. To confirm the authority of the Board of Directors to authorize the appointment of constituent committees of the Professional Ethics Division and their operating procedures; and to identify the Executive Committee of the Division as the Institute's Ethics Committee.

3.6.2.2. ~~Committee on~~ Professional Ethics Division

~~There shall be a Committee on Professional Ethics appointed by the President, subject to the approval of the Board of Directors. The committee shall investigate potential disciplinary matters involving members and associates, initiate and conduct prosecutions before the Trial Board where the committee finds prima facie evidence of infraction of these bylaws or of the Code of Professional Ethics, interpret the Code of Professional Ethics, propose amendments thereto, and perform such related services as the Council may prescribe.~~

There shall be a Professional Ethics Division whose executive committee shall serve as the ethics committee of the Institute, and there shall be such other committees within the Division as the Board of Directors shall authorize. The Division shall, with the concurrence of the Board of Directors, adopt rules governing procedures consistent with these bylaws or actions of Council to investigate potential disciplinary matters involving members and arrange for presentation of the case before the Trial Board where the committee finds prima facie evidence of infraction of these bylaws or of the Code of Professional Ethics, interpret the Code of Professional Ethics, propose amendments thereto, and perform such related services as the Council may prescribe.

3.6.2.3. The Trial Board is constituted in the bylaws to adjudicate disciplinary charges against members; procedural matters such as election of officers, terms, and the like are dealt with in the implementing Council resolutions. This structure will provide needed flexibility if the profession adopts the proposal for joint disciplinary hearings by state CPA societies and the Institute. (See also 7.4.)

3.6.2.3. Trial Board

~~There shall be a Trial Board to adjudicate disciplinary charges against members and associates of the Institute pursuant to section 7.4. The Trial Board shall consist of twenty-one members in practice, seven of whom shall be elected each year by the Council from its present and former members to serve for a term of three years or until the election of their successors. Vacancies shall be filled by the Council for unexpired terms. No member of the Committee on Professional Ethics shall be a member of the Trial Board. A quorum shall consist of a majority of the members of the Trial Board.~~

~~The Trial Board shall elect from its members a chairman and a vice chairman, the vice chairman to serve as chairman during any period of unavailability of the chairman. It shall also elect a secretary who need not be a member of the Trial Board. Such elections shall be for such terms of office as the Trial Board shall determine.~~

~~The Chairman, or vice chairman, when acting as chairman, may appoint from the members of the Trial Board a panel of not less than five members, which may, but need not, include himself, to sit as a sub board to hear and adjudicate charges against members or associates. Decisions of sub boards shall be reviewable by the Trial Board under such conditions and procedures as the Council may prescribe. A quorum of the sub board shall consist of a majority of the panel so appointed.~~

~~The Trial Board is empowered to adopt rules, not inconsistent with these bylaws or actions of the Council, governing procedure in cases heard by it or any sub board, and in connection with any application for review of a decision of a sub board.~~

There shall be a Trial Board consisting of members in practice to adjudicate disciplinary charges against members of the Institute pursuant to section 7.4. Members of the Trial Board shall be elected by the Council for such terms as the Council may prescribe.

The Trial Board is empowered to adopt rules, consistent with these bylaws or actions of the Council, governing procedure in cases heard by it or any sub-board, and in connection with any application for review of a decision of a sub-board.

Decisions of any sub-board or the Trial Board shall be subject to review only by the Trial Board.

(See implementing resolution, page 34.)

3.6.2.4. See 3.5.

3.6.2.4. Board of Examiners

There shall be a Board of Examiners appointed by the ~~President~~ *Chairman of the Board of Directors* subject to the approval of the Board of Directors. It shall supervise the preparation of a uniform examination which may be adopted by the legally constituted authorities of the states in examining candidates for the certified public accountant certificate and the conduct of the grading service offered by the Institute. The Board of Examiners shall formulate the necessary rules and regulations for the conduct of its work, but all such rules and regulations may be amended, suspended, or revoked by the ~~Council~~ *Board of Directors*. The Board of Examiners may delegate to members of the Institute's staff or other duly qualified persons the preparation of examination questions and the operation of the grading service conducted by the Institute.

To leave to the Board of Directors, which has the responsibility for the operational procedures of other committees of the Institute, the review of the rules and regulations for the conduct of the examination activity.

~~3.6.2.5.~~ The primary function of the Committee on Admissions has been to review applications that present experience related to accounting and to determine whether or not it is "equivalent" to the bylaw requirement of two years in public accounting. With the elimination of the experience requirement, admission becomes primarily an administrative matter which can be handled by the staff or, in unusual situations, by the Board of Directors.

~~3.6.2.5. Committee on Admissions~~

~~The Committee on Admissions shall consist of five members in practice, appointed by the President subject to approval of the Board of Directors for a term of three years, except that of the members first appointed one shall serve for one year, two for two years, and two for three years. It shall pass upon all applications for admission to the Institute before such applications are acted upon by the Council. The Committee on Admissions shall determine whether or not applicants possess the qualifications for election required by Article II. It may in its discretion in any case require an oral, written, or partly oral and partly written examination in addition to the examination taken by the applicant for his certificate as a certified public accountant. The Committee on Admissions shall elect a chairman and shall formulate rules and regulations for~~

~~the conduct of its work, but all such rules and regulations may be amended, suspended, or revoked by the Council.~~

IV. FINANCIAL MANAGEMENT AND CONTROLS

IV. To provide flexibility by permitting Council to change by resolution the process of budget approval without requiring a bylaw amendment.

The Council shall have authority to prescribe such procedures as it deems appropriate to assure adequate budgetary and financial controls. Budgets shall be prepared *and presented* as the Council shall prescribe. ~~and shall be subject to its approval.~~

(See implementing resolution, page 34.)

4.1. Audit

4.1. Since the annual meeting follows so closely on the end of the fiscal year, seldom if ever are financial statements examined by the auditor available at the annual meeting for discussion. The modification would follow the practice which has been required over the years.

The Council shall, for each fiscal year, appoint a certified public accountant or certified public accountants to express an opinion on the financial statements of the Institute and its affiliated organizations. The financial statements of the Institute and the report of the auditor or auditors for each fiscal year ~~shall be submitted to the members of the Institute at the annual meeting and~~ shall be published for the information of the membership.

4.2. Committee on Audit

4.2. See 3.5.

The ~~President~~ *Chairman of the Board* shall appoint from among the members of the Board of Directors, other than the officers, a committee on audit to make arrangements with the auditor or auditors for their examination and to review the audit report.

4.3. Execution of Instruments on Behalf of the Institute

All checks, drafts, deeds, mortgages, bonds, contracts, reports, proxies, and other instruments may be executed on behalf of the Institute by such ~~officer or officers~~ or employees as the Council or the Board of Directors may from time to time designate, either generally or in specific instances.

4.4. Limitation of Personal Liability for Financial Loss

4.4. See 3.1.

No personal liability shall attach to any officer or any member of Council, the Board of Directors, or any committee, *board, or division* for financial losses resulting from the exercise of judgment, in good faith, in the ~~exercise performance~~ of his assigned duties.

4.5. To substitute, administratively, the judgment of the Treasurer for the Board of Directors concerning exceptions to the dues schedule. It has been a standing practice for the Treasurer, acting on behalf of the Board, to exercise his judgment in this regard and for the Board to exercise a pro forma approval.

4.5. Dues

The Council shall determine the annual dues which shall be paid by each member, ~~associate~~, and international associate in accordance with such classifications as it deems appropriate, and may require dues of a different amount for each class so created.

Dues shall be payable on or before the first day of each fiscal year of the Institute or in such other manner as the Council shall prescribe. For new members, ~~associates~~, or international associates, dues shall be apportioned to the end of the fiscal year.

No dues shall be paid by members, ~~associates~~, or international associates of the Institute while they are engaged in military service of the United States or its allies during war. Individual members, ~~associates~~, or international associates may be excused from payment of dues for reasonable cause by the ~~Board of Directors~~ Treasurer.

4.6. Fiscal Year

The fiscal year of the Institute shall be as the Council shall prescribe.

(See implementing resolution, page 35.)

V. MEETINGS OF THE INSTITUTE AND THE COUNCIL

V. To clarify the intent of the provision making the Board responsible for clearing proposals for action by Council.

This article shall govern meetings of the Institute and of the Council. The Board of Directors shall ~~have control of the times and agenda of Council meetings~~ *determine the dates of meetings of Council and the matters to be presented for action.*

5.1. Meetings of the Institute

The membership shall meet *pursuant to sections 5.1.1 through 5.1.3, conduct its business pursuant to section 5.1.3,* and may adopt resolutions pursuant to sections ~~5.1.1 through 5.1.4, and section 5.3.~~ Meetings of the membership shall be known as meetings of the Institute.

5.1.1. Regular Meetings of the Institute

There shall be a regular meeting of the Institute within three months after the close of the fiscal year, on a date to be fixed by the Board of Directors. This meeting shall also be known as the annual meeting of the Institute.

5.1.2. To permit a quorum of Council to call such a meeting.

5.1.2. Special Meetings of the Institute

The ~~President~~ *Chairman of the Board* shall call special meetings of the Institute when so requested by the Council or the Board of Directors, or upon the written request of at least two hundred members of the Institute or *any thirty members of Council*. Special meetings of the Institute shall be held at places designated by the Board of Directors. No business shall be transacted at a special meeting of the Institute other than that for which the meeting shall have been convened.

5.1.3. Notice of Meetings of the Institute

Notice of each meeting of the Institute, whether regular or special, shall be mailed to each member of the Institute, at his mailing address, as shown on the official records of the Institute, at least thirty days prior to the date of such meeting.

5.1.4. Resolution of the Membership by Mail Ballot

A majority of the members of the Institute, assembled at any duly called *corporate* meeting of the Institute at which a quorum is present may direct that the ~~President~~ *Chairman of the Board* submit any question to the entire membership for a vote by mail. Any resolution enacted in such a mail ballot by two-thirds of the members voting shall be declared by the ~~President~~ *Chairman of the Board* a resolution of the membership and shall be binding, if ~~not inconsistent~~ with these bylaws, upon the Council, the Board of Directors, committees, *boards, divisions*, officers, and staff. Mail ballots shall be valid and counted only if received within sixty days after date of the mailing of ballot forms. ~~from the office of the Institute.~~

5.1.4. See 3.5 and 3.1.

To permit bulk mailing of ballots directly from printers.

5.2. Meetings of Council

Meetings of the Council shall be governed by sections 5.2.1 through 5.2.5, section 5.3 and section 6.7.

5.2.1. Regular Meetings of Council

Regular meetings of the Council shall be held prior to the annual meeting of the Institute, and on such other dates as the Council or the Board of Directors may ~~decide~~ *designate*.

5.2.2. See 3.5.

5.2.2. Special Meetings of Council

The ~~President~~ *Chairman of the Board* shall call special meetings of the Council when requested to do so by the Board of Directors, or when requested in writing by at least thirty members of the Council. Special meetings of the Council shall be held at places designated by the Board of Directors.

5.2.3. See 3.5.

5.2.3. Mail Ballot in Lieu of Special Meeting of Council

In lieu of a special meeting of the Council, the ~~President~~ *Chairman of the Board*, with the approval of the Board of Directors, may submit any question to the Council for a vote by mail, and any action therein approved in writing by not less than two-thirds of the whole membership of the Council shall be declared by the *Chairman of the Board* an act of the Council and shall be recorded in the minutes of the Council.

5.2.4. Notice

Notice of each meeting of the Council shall be sent to each member of the Council, at his mailing address, as shown in the official records of the Institute, at least twenty-one days before such meeting. Such notice, as far as practicable, shall contain a statement of the business to be transacted.

5.2.5. Minutes

A copy of the minutes of each meeting of the Council shall be forwarded to each member of the Council within forty-five days after such meeting.

5.3. General Provisions Governing Meetings

The following general provisions shall govern quorum and parliamentary procedure.

5.3.1. To require that a quorum of the Board be slightly in excess of one-half, in this case five-ninths.

5.3.1. Meetings—Quorum

Two hundred members of the Institute shall constitute a quorum for the transaction of any business duly presented at any meeting of the Institute. Thirty members of Council shall constitute a quorum of the Council. ~~Nine-Ten~~ members of the Board of Directors shall constitute a quorum of the Board.

5.3.2. Meetings—Rules of Parliamentary Procedure Applicable

The rules of parliamentary procedure contained in Robert's Rules of Order *Revised* shall govern all meetings of the Institute and of the Council.

VI. ELECTION OF COUNCIL, BOARD OF DIRECTORS, AND OFFICERS OF INSTITUTE

Except for such *ex-officio* members of Council as shall hold their seats by virtue of their past or present office (see sections 3.3.1(.4) through 3.3.1(~~.6~~) (.7)), the election of members of the Council, and the Board of Directors, and officers of the Institute shall be in accordance with the provisions of this article.

6.1. Members of Council Directly Elected by Members of the Institute

Members of Council directly elected by the membership in the respective states (see section 3.3.1.1) shall be elected in accordance with sections 6.1.1 through 6.1.6.7 *as supplemented by Council resolution*.

6.1.1. At Least One Member of Council Directly Elected by Membership of Each State

There shall be at least one member of Council directly elected by the members of the Institute in each state having one or more persons enrolled upon the membership lists of the Institute.

~~6.1.2. Number and Allocation of Directly Elected Council Seats Among the States—Until 1971~~

~~6.1.2:~~ To eliminate transitional provisions no longer serving a purpose.

~~In addition to the elected member of the Council provided by section 6.1.1, each state, until the installation of new members of Council immediately preceding the annual meeting of the Institute in 1971, shall be represented by another elected member of the Council for each five hundred members in excess of one member as shown by the names and addresses of the membership carried on the books of the Institute as of August 31, 1965.~~

6.1.2.

~~6.1.3. Number and Allocation of Directly Elected
Council Seats Among the States—In and
After 1971~~

6.1.2. To eliminate transitional provisions
no longer serving a purpose.

~~Beginning with the installation of new members of the
Council immediately preceding the annual meeting of the Insti-
tute in 1971. The total number of directly elected members of
Council, in addition to those provided for by section 6.1.1, shall
be that provided for by section 6.1.2, 85 except as modified by
section 6.1.3.1 6.1.2.1. The number of seats, so fixed by section
6.1.2, but excluding those extended by section 6.1.3.1, 6.1.2.1,
shall be equitably allocated among the states in direct proportion
to the number of Institute members enrolled from each state.~~

6.1.2.1.

~~6.1.3.1. Unexpired Terms Unaffected by Reduced
Allocation~~

No member of Council directly elected by the membership
in any state shall lose his seat for the term he then serves
should the allocation of that state be diminished by virtue of
section 6.1.3.2; but no state's allocation of directly elected
Council seats shall be extended by this section beyond the
natural expiration of a seat's full term or its vacation by the
member filling it, whichever first occurs.

6.1.2.2.

~~6.1.3.2. Allocation to Be Made by Nominations
Committee on Nominations~~

6.1.2.2. To generalize the specification of
years in which the allocation must be made.

The ~~Committee on~~ Nominations *Committee* shall make the
allocation provided in section ~~6.1.3. 6.1.2.~~ It shall be made
at five-year intervals, at least nine months prior to ~~the 1971
annual meeting of the Institute and those~~ annual meetings
to be held each ~~fifth year thereafter,~~ *calendar year which ends
in one and in six*, and *shall* govern the five annual elections
immediately following. It shall be based upon the member-
ship figures and addresses carried on the books of the Institute
the last day of the fiscal year immediately preceding the date
of such determination.

6.1.3.

6.1.3. See 3.5.

~~6.1.4.~~ Term of Office

Except as specified by this section ~~6.1.4.~~, 6.1.3, the term of office of a directly elected member of the Council shall commence when his election is announced by the ~~President~~ *Chairman of the Board of Directors* at the meeting of the Council immediately preceding the annual meeting of the Institute, as prescribed by section 6.7, and shall run until the announcement of the election of new directly elected members of the Council at the meeting of the Council immediately preceding the annual meeting of the Institute three years after his election. If any such member of the Council shall not serve his full term, the vacancy so created may be filled pursuant to section 6.6. The term of office of any member directly elected by the members in his state to fill such vacancy shall be the remainder of the three-year term with respect to which the vacancy occurred.

No member having served for two consecutive full terms as a directly elected member of the Council shall be eligible to serve another such term until at least one year after the completion of his second consecutive full term.

6.1.4.

~~6.1.5.~~ Number of Council Seats to Be Filled by Election

The number of Council seats to be filled in a state's quota of directly elected members of the Council for any given year shall be the number of its allocation of directly elected Council seats less the number of members of the Council from that state filling such seats for terms running through that year.

6.1.5.

~~6.1.6.~~ Nominations

At least eight months prior to the annual meeting of the Institute, the ~~Committee on Nominations~~ *Committee* shall request, from the recognized society of certified public accountants in each state for which any vacancies (see section 6.1.5.4) will arise in the coming year, the names of at least two suggested candidates from the state represented by such society to fill each such vacancy. The Committee shall give due consideration to the names so submitted, but shall not be required to select its nominees from among such names. In the absence of a satis-

factory response from any such state society, the ~~Committee on~~ Nominations Committee shall select the nominees from such state.

The ~~Committee on~~ Nominations Committee shall make its nominations for directly elected members of the Council at least six months prior to the annual meeting of the Institute. Notice of such nominations shall be published to the membership by the Secretary at least five months prior to the annual meeting of the Institute. Any twenty members of the Institute from any given state for which a vacancy shall arise may submit to the Secretary independent nominations for directly elected members of the Council from that state provided that such nominations be filed with the Secretary at least four months prior to the annual meeting of the Institute.

6.1.6.

~~6.1.7.~~ Election

6.1.6. The proposal would

1) Eliminate mail balloting in states with uncontested elections (expected savings of \$20,000 annually).

2) Eliminate the provision for write-in votes in mail balloting since provision for independent nominations by a relatively few members (see Section 6.1.5) assures adequate representation.

3) Clarify that the Secretary is responsible for tabulation of election results.

The nominees of the Nominations Committee for directly elected seats on Council shall be declared elected by the Secretary if no independent nominations are filed for such seats as required by section 6.1.5.

The Secretary shall mail to all members of the Institute in each state ~~from which one or more members of Council are to be directly elected in which there is a contest for a directly elected seat on Council~~, at least ninety days prior to the annual meeting of the Institute, mail ballots containing the names of nominees from that state nominated by the ~~nominating~~ Nominations Committee and the names of nominees independently nominated. ~~if any. Provision shall be made in such mail ballots for write-in votes.~~ Each ballot shall contain an announcement that votes will be counted only if received by the Secretary at least forty-five days before the annual meeting of the Institute. Election ~~of directly elected members of Council to contested seats on Council~~ shall be determined by a majority of the votes received from each jurisdiction by that date. Mail ballots shall be counted by the Secretary, ~~who the Institute's independent auditor (appointed under section 4.1), or a committee of tellers appointed by the President, as the Council may prescribe, and such official or committee~~ shall certify the results for publication to the membership. ~~Persons so elected~~ Newly elected members shall be notified promptly and advised to attend the initial meeting of Council prior to the annual meeting of the Institute. They shall take office as provided in section 6.7.

(See implementing resolution, page 35.)

6.2. Selection of Members of Council to Represent State Societies

6.2. To avoid confusion in mailings to Council just prior to the annual meeting when the bulk of the changes in representatives from state societies occur.

Each recognized state society of certified public accountants shall designate, in a manner it deems appropriate, an Institute member to represent it on the Council. The term of each member of the Council so designated shall commence upon notification of the Secretary by the society designating him *at the meeting of Council immediately preceding the annual meeting of the Institute* and shall run for one year or until the designation of his successor, provided that no such member of the Council shall represent a state society for more than six consecutive years.

6.3. Election of Members-at-Large of Council, Board of Directors, ~~President, Vice Presidents~~ *Chairman of the Board, Vice Chairman of the Board, Volunteer Vice Presidents* and Treasurer

Seven Institute members, without regard to the states in which they reside, shall be elected annually by the Council as members-at-large of the Council, at its meeting immediately preceding the annual meeting of the Institute, and immediately prior to the installation of the members of the Council newly elected under section 6.1, for a term of three years or until the election of their successors. At the same meeting, but subsequent to the installation of such newly elected members of the Council, including members-at-large, the Council shall elect the ~~President, the Vice Presidents, Chairman of the Board, the Vice Chairman of the Board, the volunteer Vice Presidents and the Treasurer~~, and three members of the Board of Directors. Such members of the Board of Directors shall serve for a term of three years, or until election of their successors. Nominations for all such positions shall be made by the ~~Committee on~~ Nominations Committee at least six months prior to the annual meeting of the Institute, and notice thereof shall be published to the membership of the Institute at least five months prior to such annual meeting. Independent nominations may be made by any twenty members of the Council if filed with the Secretary at least four months prior to the annual meeting of the Institute. No nominations from the floor will be recognized. A majority of votes shall elect. Nominees may be invited to the meeting at which the election is to be held and those elected shall take office as prescribed in section 6.7.

No member having served for two consecutive full terms as a member-at-large of the Council shall be eligible to serve another such term until at least one year after the completion of his second consecutive full term.

~~6.3.1.~~ To eliminate provisions no longer serving a purpose.

~~6.3.1. Election of Board of Directors~~

~~At the effective date of these bylaws, members of the Executive Committee then holding office under the previous bylaws shall automatically become members of the Board of Directors for terms corresponding to those for which they were serving as members of the Executive Committee. Thereafter three members of the Board of Directors shall be elected each year for three year terms.~~

6.3.1.

~~6.3.2. Re-election to Board of Directors~~

No elected member of the Board of Directors ~~having~~ *who has* served a full three-year term shall be eligible for re-election to such a term until the meeting of the Council one year after the completion of his full three-year term.

6.4. Election of ~~Officers~~ ~~Executive and Administrative~~ ~~Vice Presidents~~ *the President and the Secretary*

Election of the ~~Executive President~~ and ~~Administrative Vice Presidents~~ *Secretary* shall be by the Council and shall be conducted as the Council may prescribe.

6.4. See 3.5.

(See implementing resolution, page 35.)

6.5. Forfeiture of Office for Non-Attendance

Any directly elected member or member-at-large of Council who shall be absent from three consecutive meetings shall forfeit his seat.

6.6. Vacancies

Vacancies in the membership of Council, or in the Board of Directors, or in any of the offices of the Institute, occurring between annual meetings of the Institute, may be filled by election of replacements by the Council, either at a meeting of Council or by mail ballot, under such conditions as the Council may prescribe. If the Council should so replace a directly elected member of the Council, such interim appointment will run only until his seat is filled by direct election of the membership of his state as provided in these bylaws.

Pending action by the Council to fill a vacancy among any of

the elected officers of the Institute, the Board of Directors may appoint a temporary successor to act in the capacity indicated.

(See implementing resolution, page 35.)

6.7. Election Meeting of Council

6.7. See 3.5.

At the meeting of the Council immediately preceding the annual meeting of the Institute, following the completion of such other business as the Council may transact, the Council shall elect new members-at-large of the Council pursuant to section 6.3. New members-at-large shall then take office, replacing those members-at-large whose terms shall have expired. Then the presiding officer shall announce the installation of members of the Council newly elected under section 6.1, at which time they shall take office, replacing those directly elected members of Council whose terms shall have expired. Election of officers, new members of the Board of Directors and others shall then be held, and each officer or member of the Board of Directors so elected shall replace his predecessor upon such election, provided, however, that the retiring ~~President~~ *Chairman of the Board* shall continue in office through the end of the annual meeting of the Institute. ~~Remaining elections shall then be conducted.~~

VII. TERMINATION OF MEMBERSHIP AND DISCIPLINARY SANCTIONS

VII. See 2.6.

This article shall govern the termination or suspension of membership in the Institute, whether imposed as a matter of discipline or voluntarily sought, and the imposition of any ~~lesser~~ *other* disciplinary sanction, *including censure or admonition, whether public or private, or imposition of conditions for retention of membership.* ~~As used in this Article, the terms "member" and "membership" shall be understood to include "associate" and "affiliation as an associate."~~

7.1. Resignation of Membership

Resignations of members shall be in writing and may be offered at any time. Actions on such resignations and applications for reinstatement of resigned members shall be taken by the Board of Directors under such provisions as the Council may prescribe. Council may make separate provision for action on resignations of

members not in good standing or against whom disciplinary proceedings or investigations are pending, and on applications for reinstatement of persons whose resignation was accepted when in such classification.

(See implementing resolution, page 36.)

7.2. Termination of Membership for Nonpayment of Financial Obligation

The Board of Directors may, in its discretion, terminate the membership of a member who fails to pay his dues or any other obligation to the Institute within five months after such debt has become due. Any membership so terminated may be reinstated by the Board of Directors, under such conditions and procedures as the Council may prescribe.

(See implementing resolution, page 36.)

7.2.1. Termination of Affiliation of International Associate

The Council may terminate the affiliation of an International Associate in its discretion.

7.3. Disciplinary Suspension and Termination of Membership Without Hearing

Membership in the Institute shall be suspended or terminated without a hearing for disciplinary purposes as provided in sections 7.3.1 and 7.3.2, under such conditions and by such procedure as shall be prescribed by the Council.

(See implementing resolution, page 37.)

7.3.1. ~~Upon~~ Criminal Conviction of Member

Membership in the Institute shall be suspended without a hearing should there be filed with the Secretary of the Institute a judgment of conviction imposed upon any member for

- (.1) a crime defined as a felony under the law of the convicting jurisdiction;
- (.2) the willful failure to file any income tax return which he, as an individual taxpayer, is required by law to file;
- (.3) the filing of a false or fraudulent income tax return on his or a client's behalf; or

(.4) the willful aiding in the preparation and presentation of a false and fraudulent income tax return of a client; and shall be terminated in like manner upon the similar filing of a final judgment of conviction.

7.3.2. ~~Upon~~ Suspension or Revocation of Certificate

Membership in the Institute shall be suspended without a hearing should a member's certificate as a certified public accountant, or license or permit to practice as such or to practice public accounting be suspended as a disciplinary measure by any governmental authority; but, such suspension of membership shall terminate upon reinstatement of the certificate, or such membership in the Institute shall be terminated without hearing should such certificate, license, or permit be revoked, withdrawn, or cancelled as a disciplinary measure by any governmental authority. The Council shall provide for the consideration and disposition by the Trial Board, with or without hearing, of a timely written petition of any member that his membership should not be suspended or terminated pursuant to this section 7.3.2.

7.3.3. Trial Board Disciplining Not Precluded

Application of the provisions of section 7.3.1 and section 7.3.2 shall not preclude the summoning of the member concerned to appear before the Trial Board or a sub-board pursuant to section 7.4.

7.4. Disciplining of Member By Trial Board

Under such conditions and by such procedure as the Council may prescribe, the Trial Board or a sub-board thereof may, by the two-thirds vote of the members present and voting, expel a member (except as otherwise provided in section 7.4(.3)), or by a majority vote of the members present and voting, may suspend a member for a period not to exceed two years not counting any suspension imposed under sections 7.3.1 and 7.3.2, or may impose such lesser sanctions as the Council may prescribe on any member if

- (.1) he infringes any of these bylaws or any provision of the Code of Professional Ethics;
- (.2) he is declared by a court of competent jurisdiction to have committed any fraud;
- (.3) he is held by the Trial Board or a sub-board thereof to

have been guilty of an act discreditable to the profession, or to have been convicted of a criminal offense which tends to discredit the profession; *but* provided that should the Trial Board or sub-board find by a majority vote that he has been convicted by a criminal court of an offense involving moral turpitude, or *any of the offenses* enumerated in section 7.3.1, the penalty shall be expulsion;

(.4) he is declared by any competent court to be insane or otherwise incompetent;

(.5) his certificate as a certified public accountant or license or permit to practice as such or to practice public accounting is suspended, revoked, withdrawn, or cancelled as a disciplinary measure by any governmental authority; or

(.6) he fails to cooperate with the ~~committee on~~ Professional Ethics *Division* in any disciplinary investigation involving him or his partner or employee by not responding to interrogatories of ~~the committee~~ *a committee of the Professional Ethics Division* within thirty days of their posting by registered mail, postage prepaid, to him at his last known address shown on the books of the Institute.

7.4(.6). See 3.6.2.2.

The Division of Professional Ethics has developed a proposed realignment of the enforcement of ethical and technical standards in the profession in an effort to reduce duplication in the disciplinary activities of the Institute, state CPA societies, and state boards of accountancy. Among the proposals is a delegation of responsibility for investigation of complaints to state CPA societies. Provision is also made for disciplinary hearings to be conducted by a Trial Board made up of Institute and state CPA society representatives whose decisions would affect both Institute and CPA society membership based on their respective codes of ethics. The provisions of section 7.4 have been modified to permit implementation of such a program without additional amendment of the bylaws if the Division's proposal meets with acceptance in the profession.

With respect to a member residing in a state which has entered into an agreement approved by the Institute's Board of Directors for the conduct of joint Trial Board hearings, disciplinary hearings shall be conducted before such joint Trial Board.

(See implementing resolution, page 39.)

7.5. Reinstatement

The Council may prescribe the conditions and procedures under which members suspended or terminated under section 7.3 and 7.4 may be reinstated.

(See implementing resolution, page 42.)

7.6. Publication of Disciplinary Action

7.6. To make clear that publication may be made of any disciplinary action and is not limited to suspension or termination of membership.

Notice of ~~disciplinary action termination or suspension of membership in the Institute~~ pursuant to section 7.3 or 7.4 hereof, together with a statement of the reasons therefor, may be published in such form and manner as the Council may prescribe.

(See implementing resolution, page 43.)

7.7. Disciplinary Sections Not to Be Applied Retroactively

Sections 7.3 and 7.4 shall not be applied to offenses of wrongful conduct occurring prior to its effective date, but such offenses shall be ~~disciplinable~~ *subject to discipline* under the bylaws of the Institute in effect at *the time of* their occurrence.

VIII. AMENDMENTS

Amendments to these bylaws and the Code of Professional Ethics shall be accomplished in a manner consistent with this Article.

8.1. Proposals to Amend the Bylaws

Proposals to amend the bylaws may be made by any thirty members of the Council, by any two hundred or more members of the Institute in good standing, or by the Board of Directors.

8.2. Proposals to Amend the Code of Professional Ethics

Proposals to amend the Code of Professional Ethics may be made by any thirty members of the Council, by any two hundred or more members of the Institute in good standing, by the Board of Directors, or by the ~~Committee on~~ Professional Ethics *Division*.

8.3. Submission to Council via Board of Directors

All such proposals to amend the bylaws or the Code of Professional Ethics, unless made at a meeting of the Council or the Board of Directors, shall be submitted in writing to the Board of Directors. The Board of Directors shall submit all such proposals, accompanied by its recommendation, to the Council for action.

~~8.4. Submission of Proposals to Annual Meeting of Institute for Discussion~~

~~The notice of the first annual meeting of the Institute, held more than three months after the approval by the Council of any such proposal, shall set forth the proposal and indicate its approval by the Council. Such proposal shall be presented to such annual meeting for discussion but not for action, by the members present.~~

~~8.4.~~ To reduce the elapsed time between a decision of the Board to seek an amendment to the Code or bylaws and the mail ballot by eliminating the requirement that such an amendment be discussed at the annual meeting.

8.4.

~~8.5.~~ Submission to Membership by Mail Ballot

8.4. To eliminate the requirement that following the annual meeting the Secretary prepare a summary of the arguments for and against a proposition. Because there is often little discussion of most proposals at the annual meeting and such discussion does not necessarily develop a well-rounded presentation of the issues, the pros and cons which have accompanied recent mail ballots have been largely contrived. Balanced background material would continue to be supplied. The provision of a ninety day delay between the Council's approval of a proposed amendment and its submission for a mail ballot is designed to allow time for discussion of the issue. This would be in addition to the sixty days allowed for the ballot process.

~~Following such annual meeting, If approved by the Council the proposed amendment accompanied by a statement prepared by the Secretary summarizing the arguments presented for and against it shall be submitted to all of the members of the Institute for a vote by mail ballot on or after ninety days following such approval.~~ If at least two-thirds of those so voting approve such proposal, it shall become effective as an amendment to the bylaws or to the Code of Professional Ethics, as applicable. Mail ballots shall be considered valid and counted only if received in the Institute's principal office within sixty days from the date of mailing the ballots to the members.

COUNCIL RESOLUTIONS TO IMPLEMENT BYLAWS

Under Section 2.5. International Associates

Resolved:

~~That the following persons may qualify for election as International Associates of the Institute:~~

~~(a) That those persons who are not, and have not begun the process of becoming, citizens of the United States of America and may qualify for admission as International Associates of the Institute if they~~

~~(b) Who have attained the age of twenty one years, and~~

(a)

~~(c) Who are of good moral character, and~~

(b)

~~(d) Who have received a baccalaureate, masters, or Ph.D. degree, with concentration in accounting, conferred by an accredited college or university, in the United States of America or its territories, or its equivalent, and~~

(c)

~~(e) Who have passed the Uniform Certified Public Accountant Examination in accordance with the regulations prescribed by the Board of Examiners, and~~

~~(Note: This provision, proposed by the Committee on International Relations, was approved by the Executive Committee September 21, 1967. Under the proposed section 2.10, the Council may later provide for admission as International Associates of qualified accountants of other countries not practicing in the United States. The rapid increase of international practice may make such a step desirable in the best interests of the public and the Institute's membership.)~~

(d) are not practicing public accounting in the United States of America as proprietors, partners, principals, officers, or shareholders.

(b) To eliminate age per se as a qualification in view of changing legal definitions of when one becomes responsible for his acts.

(d) To clarify the original intent of the committee on international relations to permit applicants for International Associateship to be employees or trainees of accounting firms but not proprietors, partners, principals, officers, or shareholders of practice units.

~~Further resolved:~~

~~That upon election each International Associate shall be entitled to a certificate stating that he is an International Associate of the Institute, but no such certificate shall be issued until receipt of dues for the current year; and such certificate shall be returned to the Secretary upon suspension or termination of the association of an International Associate for any cause except death; and~~

~~Further resolved:~~

~~That International Associates shall not be entitled to describe themselves as "Members of the American Institute of Certified Public Accountants" or "Associates of the American Institute of Certified Public Accountants," but shall be entitled to describe themselves as "International Associates of the American Institute of Certified Public Accountants."~~

Further resolved:

To provide more explicit rules, in the form of Council resolutions, governing International Associateship and indications thereof. (See also 2.4.)

That upon admission and receipt of dues for the current year each International Associate shall be entitled to a certificate of association stating that he is an International Associate of the Institute, provided that the said certificate of associateship shall not be displayed in home or office during the recipient's stay in the United States in a manner that might mislead anyone to believe the recipient to be a CPA of any of the licensing jurisdictions of the United States; and such certificate shall be returned to the Secretary upon suspension or termination of the association of an International Associate for disciplinary reasons.

Further resolved:

That termination of association of an International Associate shall be governed by the provisions of Article VII of the Institute bylaws and, in addition, an International Associateship shall be considered to be terminated when, having satisfied all the requirements of a licensing jurisdiction and having been issued a CPA certificate, an International Associate either becomes eligible for membership in the AICPA, or, after a period of thirty-six months has elapsed from the date of his admission, has not returned to his homeland for a period of at least one year.

Under Section 3.4. Board of Directors

Resolved:

~~3.4.1. Composition~~

The Board of Directors shall be composed of

(.1) The proposed composition of the Board reflects title changes proposed in section 3.5. In addition, it contemplates that the incoming Chairman of the Board would be a Board member for the year preceding his assumption of that office.

(.2) See 3.5. Reflects change in title only. Under proposed section 3.5, the present Executive Vice President would be designated as President; the Administrative Vice President is also Secretary of the Institute.

(.1) the ~~President, the Vice Presidents,~~ *Chairman of the Board, the Vice Chairman of the Board, the Vice Presidents elected by the Council,* the Treasurer, and the Immediate Past ~~president of the Institute;~~ *Chairman of the Board;*

(.2) ~~the Executive Vice President~~ *President* and the ~~Administrative Vice President~~ *Secretary of the Institute;*

(.3) nine present or former members of the Council elected to the Board by the Council pursuant to section 6.3, to serve for three years or until the election of their successors.

Under Section 3.5. Officers

Resolved:

~~3.5.1. Term of Office~~

The ~~President, four Vice Presidents,~~ *Chairman of the Board, the Vice Chairman of the Board, the volunteer Vice Presidents,* and *the* Treasurer shall each be elected annually by the Council for a term of one year or until the election of his successor. ~~None but~~ *Only* the Treasurer may succeed himself in the same office after serving a full term of one year.

~~3.5.2. President~~ *Chairman of the Board*

The ~~President~~ *Chairman of the Board* shall preside at meetings of members of the Institute, ~~and meetings of the Council,~~ and ~~meetings of the Board of Directors.~~ He ~~may~~ *shall* appoint committees and boards as ~~elsewhere~~ provided in section 3.6 of

these bylaws. He ~~may~~ shall act as a spokesman for the Institute and appear on its behalf before other organizations.

Vice Chairman of the Board

The Vice Chairman shall be chairman-nominee of the Board of Directors and shall preside in the absence of the Chairman at meetings of the Institute, the Council, and the Board of Directors. He shall familiarize himself with the duties of the office of Chairman and shall perform such other related duties as may be assigned to him by the Chairman.

3.5.3 Elected Vice Presidents

The duties of the *elected* Vice Presidents shall be those usually appertaining to the office of Vice President. One of the *elected* Vice Presidents designated by the Board of Directors shall preside at meetings of the Institute or of the Council in the absence of the ~~President~~ *Chairman of the Board and of the Vice Chairman of the Board*. No two *elected* Vice Presidents shall be residents of the same state.

3.5.4 Treasurer

The Treasurer shall familiarize himself with financial policies, investment policies, and the accounting procedures, controls, and financial reporting of the Institute, and shall consult with the ~~Administrative Vice President~~ and independent auditors on such matters, on which he shall advise the members of the Board of Directors and the ~~Administrative Vice President~~. He shall report thereon to the Board of Directors to the extent that he deems desirable or as the Board of Directors may direct, and shall perform such other related duties as may be assigned to him by the Council or the Board of Directors.

3.5.5. Executive Vice President

~~The Executive Vice President shall be a member of the Institute. He shall serve as a full-time salaried officer, to coordinate the technical activities of the Institute, to act as a spokesman for the Institute on related matters, and to perform such other services as may be assigned to him by the Council or the Board of Directors.~~

President

The President shall have full responsibility for the execution of the policies and programs of the Institute, act as a spokesman for the Institute, and perform such other services as may be assigned to him by the Council and the Board of Directors.

~~3.5.6. Administrative Vice President~~

~~The Administrative Vice President need not be a member of the Institute. He shall serve as a full time salaried officer, to administer the Institute's offices and staff, to coordinate the non-technical activities of the Institute, to act as a spokesman for the Institute on related matters, and to perform such other services as may be assigned to him by the Council or the Board of Directors. He shall have the privilege of the floor at meetings of the Institute and the Council.~~

~~3.5.7. Secretary~~

~~The Administrative Vice President shall be Secretary of the Institute. He shall have the usual duties of a corporate secretary and shall perform such other related duties as may be assigned to him by the President. An assistant secretary to serve in his absence, who need not be a member of the Institute, may be appointed by the Board of Directors.~~

Under Section 3.6. Committees

Resolved:

~~That the following be designated as senior committees and boards; with duties, powers and responsibilities as indicated:~~

~~1. Accounting Principles Board~~

~~Its actions shall be governed by its "charter" as previously approved by the Council.~~

~~2. Committee on Admissions~~

~~Its actions shall be governed by section 3.6.2.5 of the bylaws.~~

~~3. Board of Examiners~~

~~Its actions shall be governed by section 3.6.2.4 of the bylaws.~~

~~4. Committee on Professional Ethics~~

~~Its actions shall be governed by section 3.6.2.2 of the bylaws.~~

~~5. Professional Development Board~~

~~(1) The permanent organizational structure of the professional development project shall be a Division of the American Institute of Certified Public Accountants, occupying space at the Institute offices and using, whenever possible, general Institute services.~~

~~1- The APB will terminate when the FASB becomes operational in the spring of 1973.~~

~~2- The Committee on Admissions is unnecessary if the experience requirement for membership is dropped.~~

~~3- and 4- To eliminate these sections as unnecessary in view of the listing of senior committees in the new section 1 of this Council resolution and the bylaw provisions describing the operation of those which also are permanent committees.~~

~~5- To leave to the Board of Directors, which has the responsibility for the operational procedures of other divisions of the Institute, such matters as organization, financial policy, size of committee, and term of office.~~

~~(2) The Professional Development Division shall be operated on a business basis, and revenues from the professional development program should cover all direct and allocated costs.~~

~~(3) The Board of Managers shall consist of five members, each appointed for a term of five years, with one member being appointed each year, and members of the Board being eligible for reappointment.~~

~~(4) The Director of the Professional Development Division shall be employed by, as well as administratively responsible to, the Administrative Vice President.~~

~~6. See new sections 1 and 2 of this resolution.~~

~~6. Committee on Auditing Procedure~~

~~The Committee on Auditing Procedure is hereby authorized to make public statements, without clearance with the Council or the Board of Directors, on matters related to auditing and reporting standards and procedures, and to provide information to assist CPAs in maintaining and increasing their proficiency in auditing.~~

~~7. See new sections 1 and 2 of this resolution.~~

~~7. Committee on Federal Taxation~~

~~The Committee on Federal Taxation is hereby authorized to make public statements, without clearance with the Council or the Board of Directors, on matters related to federal taxation, including tax legislation, tax administration, statements on the CPA's responsibilities in tax practice, and information to assist CPAs in maintaining and increasing their proficiency in federal taxation.~~

1. To list the eight committees or boards which are senior committees and therefore are appointed only with the approval of the Board of Directors.

1. That the following be designated as senior committees and boards:

- Accounting Standards Division Executive Committee
- Auditing Standards Division Executive Committee
- Board of Examiners
- Federal Taxation Division Executive Committee
- Management Advisory Services Division Executive Committee
- Practice Review Committee
- Professional Development Division Executive Committee
- Professional Ethics Division Executive Committee

2. To list the senior technical committees to whom Council has granted the authority to make public statements without clearance.

2. *That the following senior technical committees be authorized to make public statements, without clearance with the Council or the Board of Directors, on matters related to their area of practice:*

- *Accounting Standards Division Executive Committee*
- *Auditing Standards Division Executive Committee*
- *Federal Taxation Division Executive Committee*
- *Management Advisory Services Division Executive Committee*
- *Professional Ethics Division Executive Committee*

3.

~~8.~~ Practice Review Committee

The Practice Review Committee is hereby authorized to review specific audit reports ~~and opinions~~ which on their face appear to involve deviations from accepted standards, and to communicate to the accountant or accounting firm who signed the report or opinion under consideration the Committee's views or questions with respect to the report or opinion and the related financial statements. The Committee's function is to be educational, not ~~punitive disciplinary~~, in nature. It shall not refer any case to the ~~Committee on Professional Ethics Division~~, nor shall any member of that ~~Committee Division~~ be a member of the Practice Review Committee. The latter Committee shall deal *on a confidential basis* with every report submitted to it ~~on a confidential basis~~, and shall not communicate its views on such report to any person other than the accountant or accounting firm who signed such report, or with a corresponding state society committee which requested the advice. In no case shall the *Committee disclose the source of reports submitted to the Committee be disclosed it*. The Committee may advise the ~~Accounting Principles Board or the Committee on Auditing Procedure~~ *Auditing Standards Division Executive Committee and the Accounting Standards Division Executive Committee* as to problem areas requiring authoritative clarification or new pronouncements.

Under Section 3.6.2. Permanent Committees, Boards, and Divisions

Resolved:

That at the Council meeting preceding the annual meeting the retiring ~~president~~ *Chairman of the Board* and the incoming ~~president~~ *Chairman of the Board* shall present their joint recommenda-

tions for members of the nominating committee for the current year, at least two of whom shall be members of the Council. Other nominations from the floor shall be permitted. Voting shall be by voice vote of the incoming Council, or if requested by a majority of those present, by written ballot. A majority vote shall elect.

Under Section 3.6.2.3. Trial Board

The Trial Board is constituted in the bylaws to adjudicate disciplinary charges against members; procedural matters such as election of officers, terms, and the like are dealt with in the implementing Council resolutions. This structure will provide needed flexibility if the profession adopts the proposal for joint disciplinary hearings by state CPA societies and the Institute. (See also 7.4.)

Resolved:

That the Council shall elect annually from its present and former members seven Institute members in practice to serve for a term of three years or until the election of their successors as members of the Trial Board. Vacancies shall be filled by the Council for unexpired terms. No member of the Professional Ethics Division shall be a member of the Trial Board.

The Trial Board shall elect from its membership a chairman and a vice chairman, the vice chairman to serve as chairman during any period of unavailability of the chairman. It shall also elect a secretary who need not be a member.

The chairman, or vice chairman, when acting as chairman, pursuant to the Trial Board Rules of Practice and Procedure, may appoint from the members of the Trial Board a panel of not less than five members, which may, but need not, include himself to sit as a sub-board and hear and adjudicate charges against members. Decisions of sub-boards shall be reviewable by the Trial Board under the conditions and procedures as provided for in Council resolution under section 7.4 of the bylaws.

Under Article IV. Financial Management and Controls

To explicitly provide the Board of Directors with the power to make budgetary revisions in expenditures, in total, within the limit of five percent of budgeted revenues from all sources.

Resolved:

*That annual budgets and projections of revenues and expenditures for the succeeding four years shall be prepared by the Institute's staff, reviewed and ~~modified as necessary~~ approved by the Board of Directors, and ~~submitted~~ presented to Council for approval ~~or disapproval~~ at its meeting preceding the annual meeting; such budgets shall be in a form indicating the costs of ~~each of the several~~ the principal programs and activities of the Institute; material variations from the annual budget shall be reported to the Council at its spring meeting by the Board of Directors; ~~approval~~ receipt of such report *without rejection* shall constitute authority to continue expenditures for purposes indicated in the annual budget,*

as modified *and presented* at the spring meeting, until a new budget for the following fiscal year is approved by the Council. *However, the Board of Directors may, between meetings of Council, authorize additional expenditures in total not to exceed five percent of budgeted revenues from all sources.*

Under Section 4.6. Fiscal Year

Resolved:

To provide additional time for the completion of the audit which would enable the issuance of audited financial statements prior to the annual meeting in the fall.

The fiscal year of the Institute shall be the twelve months beginning ~~September 1~~ *August 1* and ending ~~August 31~~ *July 31*.

Under Section 6.1.6. Election

Resolved:

To provide for the contingency that a nominee for direct election to Council might withdraw after the balloting is in progress in a state where only a sufficient number of nominations appear on the ballot to fill the existing vacancies.

That the withdrawal of a nomination for whatever reason after the balloting has commenced will not be acted upon until the certification of election has been completed. Vacancies then arising will be filled in accordance with section 6.6 of the bylaws, except that in states where the number of nominees exceeds the number of vacancies, the vacancy created by any withdrawal will be filled by that nominee having the highest number of votes after all other vacancies have been filled.

Under Section 6.4. Election of the President and the Secretary

Resolved:

~~At the first meeting of Council after these bylaws become effective~~ *That the Board of Directors shall recommend to the Council persons to be elected as* ~~Executive Vice President~~ *President* and ~~Administrative Vice President~~ *Secretary*, respectively, to serve until their successors are elected. Other nominations shall be permitted from the floor. Voting may be by voice vote, or upon request of a majority of those present, by written ballot. A majority vote shall elect. ~~Thereafter, the Executive Vice President and the Administrative Vice President shall each serve until his successor is elected.~~

Under Section 6.6. Vacancies

Resolved:

That if a vacancy occurs in the membership of Council, or in the Board of Directors, or in any of the offices of the Institute between annual meetings of the Institute, the Board of Directors shall rec-

commend replacements for election by Council. Voting on such replacement may be conducted by mail ballot, in which case provision shall be made for write-in votes, or at the next meeting of Council, as may appear most desirable in the circumstances. If the voting takes place at a Council meeting, nominations from the floor shall be permitted; voting may be by voice vote, or at the request of a majority of those present, by written ballot. ~~and~~ A majority vote shall elect. In any event, persons elected to fill vacancies in the Board of Directors, *in the Council*, or in any of the offices of the Institute shall serve only for the remainder of the unexpired term of the previous incumbent or until a successor is elected.

Under Section 7.1. Resignation of Membership

Resolved:

That the Board of Directors shall act ~~on~~ *upon* resignation of members, which shall become effective on the date of acceptance, but no action shall be taken on the resignation of a member with respect to whom ~~possible~~ charges are under investigation by the ~~Committee on~~ Professional Ethics *Division*, or against whom a complaint is pending before the Trial Board, unless the ~~ethics committee~~ *Division* or the Trial Board, as the case may be, recommends that such resignation be accepted. If a person whose resignation was accepted when he was under investigation or the object of a complaint should subsequently apply for reinstatement, the Board of Directors shall not reinstate such person without the consent of the ~~ethics committee~~ *Division* or the Trial Board, as the case may be.

Under Section 7.2. Termination of Membership for Non-payment of Financial Obligation

Resolved:

That if a person whose membership has terminated for non-payment of dues or other financial obligation shall apply for reinstatement, the Board of Directors, in its discretion, may reinstate him, provided that he shall have paid to the Institute all dues and other obligations owing by him to the Institute at the time his membership was terminated.

Further resolved:

That no person shall be considered to have resigned in good standing if at the time of his resignation he was in debt to the Insti-

tute for dues or other obligations. A member submitting his resignation after the beginning of the fiscal year, but before expiration of the time limit for payment of dues or other obligations, may attain good standing by paying dues prorated according to the portion of the fiscal year which has elapsed, provided obligations other than dues shall have been paid in full.

A member who has resigned or whose membership has terminated in any manner may not file a new application for admission but may apply for reinstatement under this resolution or applicable provisions of the bylaws.

Under Section 7.3. Disciplinary Suspension and Termination of Membership Without Hearing

Resolved:

That (1) ~~The membership or affiliation of a member or associate~~ who is convicted by a court of any of the criminal offenses enumerated in section 7.3.1 of the bylaws shall become automatically suspended upon *the* mailing of a notice of such suspension, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a certified copy of a judgment of conviction of such criminal offense has been filed with the Secretary of the Institute.

(2) ~~The membership or affiliation of a member or associate~~ who has been convicted by a court of any of the offenses enumerated in section 7.3.1 of the bylaws, and which conviction has become final, shall become automatically terminated upon *the* mailing of a notice of such termination, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a certified copy of such conviction and evidence that it has become final has been filed with the Secretary of the Institute.

(3) ~~The membership or affiliation of a member or associate~~ whose certificate as a certified public accountant, or license or permit to practice as such or to practice public accounting has been suspended as a disciplinary measure by any governmental authority shall, except as provided in paragraph (6) of this resolution, become automatically suspended upon the expiration of thirty days after *the* mailing of a notice of such suspension, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a statement of such governmental authority, showing that such certificate, license, or permit has been suspended

and specifying the cause and duration of such suspension has been filed with the Secretary of the Institute. Such automatic suspension shall cease upon the expiration of the period of suspension so specified.

(4) The membership ~~or affiliation~~ of a member ~~or associate~~ whose certificate as a certified public accountant, or license or permit to practice as such or to practice public accounting has been revoked, withdrawn, or cancelled as a disciplinary measure by any governmental authority shall, except as provided in paragraph (6) of this resolution, become automatically terminated upon the expiration of thirty days after *the* mailing of a notice of such termination, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a statement of such governmental authority showing that such certificate, license, or permit has been revoked, withdrawn, or cancelled and specifying the cause of such revocation, withdrawal, or cancellation has been filed with the Secretary of the Institute.

(5) Notices of suspension or termination pursuant to paragraph (1), (2), (3), or (4) of this resolution shall be signed by the Secretary of the Institute and mailed by registered mail, postage prepaid, addressed to the member ~~or associate~~ concerned at his last known address according to the records of the Institute.

(6) The operation of paragraph (3) or (4) of this resolution shall become postponed if, within thirty days after mailing the notice of suspension or termination, the Secretary of the Institute receives a request from the member ~~or associate~~ concerned that the pertinent provision shall not become operative. The request shall state briefly the facts and reasons relied upon. All such requests shall be referred to the Trial Board for action thereon by the Trial Board or by an ad hoc committee thereof consisting of at least five members appointed by the chairman of the Trial Board or vice chairman, when acting as chairman.

If the request is denied, the suspension or termination, as the case may be, shall become effective upon such denial, and the member ~~or associate~~ concerned shall be so notified in writing by the Secretary. No appeal to the Trial Board shall be allowable with respect to a denial of such a request by the ad hoc committee.

If the request is granted, the suspension or termination, as the case may be, shall not become effective. In such event, the Secretary shall transmit the matter to the ~~Committee on~~ Professional Ethics Division to take whatever action it considers proper in the circumstances.

A determination that paragraph (3) or (4) of this resolution shall not become operative shall be made only when it clearly appears that, because of exceptional or unusual circumstances, it would be inequitable to permit such automatic suspension or termination.

Under Section 7.4. Disciplining of Members by Trial Board Resolved:

That (1) Any complaint preferred against a member ~~or associate~~ under section 7.4 of the bylaws shall be submitted to the ~~Committee on Professional Ethics Division~~. If, upon consideration of a complaint, it appears to the ~~Committee on Professional Ethics Division~~ that a prima facie case is established showing a violation of any bylaw or any provision of the Code of Professional Ethics or conduct discreditable to a *certified* public accountant, the ~~Committee on Professional Ethics Division~~ shall report the matter to the Secretary of the Institute, who shall summon the member ~~or associate~~ involved thereby to appear in answer at the next meeting of the Trial Board or any sub-board appointed to hear the case, provided, however, that with respect to a case falling within the scope of section 7.3, such ~~Committee on Professional Ethics Division~~ shall have discretion as to whether and when to report the matter to the Secretary for such summoning.

(2). To clarify the fact that the Professional Ethics Division is under an obligation to initiate its investigation of a complaint within 90 days of receipt but not necessarily to conclude its investigation within that time.

(2) If the ~~Committee on Professional Ethics Division~~ shall dismiss any complaint preferred against a member ~~or associate~~, or shall fail to ~~act thereon~~ *initiate its investigation* within ninety days after such complaint is presented to it in writing, the member ~~or associate~~ preferring the complaint may present the complaint in writing to the Trial Board, provided, however, that this provision shall not apply to a case falling within the scope of section 7.3.

The Trial Board shall make such investigation of the matter as it may deem necessary, and shall either dismiss the complaint or refer it to the Secretary of the Institute, who shall summon the member ~~or associate~~ involved thereby to appear in answer at the next meeting of the Trial Board or any sub-board appointed to hear the case.

(3) For the purpose of adjudicating charges against members ~~or associates~~ of the Institute, as provided in the foregoing paragraphs of this resolution, *the following must take place:*

(a) The Secretary of the Institute shall mail to the member ~~or associate~~ concerned, at least thirty days prior to the proposed

meeting of the Trial Board or any sub-board appointed to hear the case, written notice of the charges to be adjudicated. Such notice, when mailed by registered mail, postage prepaid, addressed to the member ~~or associate~~ concerned at his last known address, according to the records of the Institute, shall be deemed properly served.

(b) After hearing the evidence presented by the ~~Committee on Professional Ethics Division~~ or other complainant, and by the defense, the Trial Board or sub-board hearing the case, a quorum present, by vote of the members present and voting, may, in a manner consistent with section 7.4 of the bylaws, admonish, suspend for a period of not more than two years, *or expel the member or associate against whom complaint is made, or expel such member or associate provided that in any case in which the Trial Board or a sub-board finds that a member has departed from the profession's technical standards it may also direct the member concerned to complete specified professional development courses and to report to the Trial Board upon such completion.*

(c) ~~The member or associate concerned~~ In a case decided by a sub-board *the member concerned* may request a review by the Trial Board of the decision of the sub-board, provided such a request for review is filed with the Secretary of the Trial Board at the principal office of the Institute within thirty days after the decision of the sub-board, and *that such information as may be required by the rules of the Trial Board shall be filed with such request.* ~~shall file with such request such information as may be required by the rules of the Trial Board.~~ Such a review shall not be a matter of right. Each such request for a review shall be considered by an ad hoc committee to be appointed by the chairman of the Trial Board, or its vice chairman in the event of his unavailability, and composed of not less than five members of the Trial Board who did not participate in the prior proceedings in the case. The ad hoc committee shall have power to decide whether or not such ~~a~~ request for review by the Trial Board shall be allowed, and such committee's decision that such ~~a~~ request shall not be allowed shall be final and subject to no further review. A quorum of such ~~an~~ ad hoc committee shall consist of a majority of those appointed. If such ~~a~~ request for review is allowed, the Trial Board shall review the decision of the sub-board in accordance with its rules of practice and procedure. On

To provide the Trial Board with the authority to compel members who have been found to have violated technical standards to attend specific professional development courses.

review of such a decision, the Trial Board may affirm, modify, or reverse all or any part of such decision or make such other disposition of the case as it deems appropriate. The Trial Board may by general rule indicate the character of reasons which may be considered to be of sufficient importance to warrant an ad hoc committee granting a request for review of a decision of a sub-board.

(d) Any decision of the Trial Board, including any decision reviewing a decision of a sub-board, shall become effective when made, unless the Trial Board's decision indicates otherwise, in which latter event it shall become effective at the time determined by the Trial Board. Any decision of a sub-board shall become effective as follows:

(i) Upon the expiration of thirty days after it is made, if no request for review is properly filed within such thirty-day period.

(ii) Upon the denial of a request for review, if such a request has been properly filed within such thirty-day period and is denied by the ad hoc committee. ~~and~~

(iii) Upon the effective date of a decision of the Trial Board affirming the decision of a sub-board in cases where a review has been granted by the ad hoc committee.

(4). To provide for an unpublished administrative censure by the Executive Committee of the Professional Ethics Division in cases involving a prima facie violation of the Code or bylaws not of sufficient gravity to warrant referral to the Trial Board — a relatively expensive and time-consuming mechanism best suited for important cases.

(4) In cases where the Professional Ethics Division concludes that a prima facie violation of the Code of Professional Ethics or bylaws is not of sufficient gravity to warrant referral to the Trial Board, it may issue an administrative censure, provided, however, that there will be no publication of such disciplinary action in the Institute's principal membership periodical and the member concerned is notified of his right to a hearing on the issues before the Trial Board or a sub-board should he choose to have a hearing on the issues.

(5). To provide an administrative alternative of an educational nature for the Executive Committee of the Professional Ethics Division in lieu of referring a matter involving technical standards to the Trial Board for consideration.

(5) In cases involving departures from the sections of the Code of Professional Ethics relating to technical standards, the Professional Ethics Division may direct the member or members concerned to complete specified professional development courses in lieu of referring the matter to the Trial Board or a sub-board for a hearing on the merits of the case.

Under Section 7.5. Reinstatement

Resolved:

7.5(1). To preclude a member from submitting an unlimited number of requests for modification of the Trial Board's decision in his case. Also to generalize the reference to the name of the Institute's membership periodical.

(1) At any time after the publication in ~~THE CPA~~ *a membership periodical of the Institute* of a statement of the case and decision, *on application of the member concerned*, the Trial Board may, with respect to a case heard by it, initially or on review of a decision of a sub-board, and the sub-board may, with respect to a case heard by it in which its decision has become effective without a review by the Trial Board, by a two-thirds vote of the members present and voting, recall, rescind, or modify such expulsion or suspension, a statement of such action to be published in ~~THE CPA~~ *a membership periodical of the Institute*. *If an application under this section is denied, the member concerned may again apply for relief at any time after two years from the date of such denial.*

(2) (a) Should a judgment of conviction or an order of a governmental authority on which the suspension or termination of membership ~~or affiliation~~ of a member ~~or associate~~ was based under section 7.3 of the bylaws be reversed or otherwise set aside or invalidated, such suspension shall terminate or such member ~~or associate~~ shall become reinstated when a certified copy of the order reversing or otherwise setting aside or invalidating such conviction or order is filed with the Secretary of the Institute, who shall refer the matter to the ~~Committee on~~ Professional Ethics *Division* for whatever action it deems appropriate.

(b) A member ~~or associate~~ who has been suspended or expelled by the Trial Board pursuant to section 7.4 of the bylaws may request that the suspension terminate or request reinstatement if a judgment of conviction, an order in finding of court, or an order of the governmental authority on which the suspension or expulsion was based has been reversed or otherwise set aside or invalidated. Such request shall be referred to the ~~Committee on~~ Professional Ethics *Division* which, after investigating all related circumstances, shall report the matter, with the ~~Committee's~~ *Division's* recommendation, to the Trial Board; whereupon, the Trial Board may, by a majority vote of the members present and entitled to vote, terminate the suspension or reinstate such member ~~or associate~~, after according him such hearing, if any, as may be appropriate.

(c) Except as provided in subparagraphs (a) and (b) of this paragraph (2), a member ~~or associate~~ whose membership ~~or affilia-~~

~~tion~~ has been automatically terminated under section 7.3, or who has been expelled by the Trial Board or a sub-board, or whose resignation has been accepted by the Trial Board, an ad hoc committee thereof or a sub-board may, at any time after three years from the effective date of such termination, expulsion, or acceptance of resignation, request reinstatement of his membership ~~or affiliation~~. Such request shall be referred to the ~~Committee on~~ Professional Ethics *Division*, which, after investigation, shall report the matter, with the ~~Committee's~~ *Division's* recommendation, to the Trial Board; whereupon the Trial Board may reinstate such member ~~or associate~~ on such terms and conditions as it shall determine to be appropriate. If an application for reinstatement under this subparagraph is denied, the member ~~or associate~~ concerned may again apply for reinstatement at any time after two years from the date of such denial.

7.6. To make clear that publication may be made of any disciplinary action, and is not limited to suspension or termination of membership.

Under Section 7.6. Publication of Disciplinary Action

Resolved:

~~When the membership or affiliation of a member or associate of the Institute is suspended or terminated. Notice of disciplinary action taken under section 7.3 or 7.4 of the bylaws, a statement reporting such suspension or termination and the basis therefor shall be published in THE CPA a membership periodical of the Institute. In the case of a suspension or termination pursuant to section 7.3 of the bylaws, such statement notice shall be in a form approved by the chairman of the Trial Board or the vice chairman when acting as such, and shall disclose the name of the member or associate concerned unless the chairman or vice chairman decides that the name be omitted. In case of a suspension or termination. In any action pursuant to section 7.4 of the bylaws, the Trial Board or sub-board hearing the case shall decide, by a majority vote of the members present and voting whether the statement notice of the case and the decision to be published shall disclose the name of the member or associate involved. A statement of the case and the decision of the Trial Board or sub-board hearing the case shall be prepared by a member or members of the Trial Board or the sub-board, as the case may be, under a procedure to be established by such Trial Board or sub-board, and the statement and decision, as released by the Trial Board or sub-board, shall be published in THE CPA a membership periodical of the Institute. No such publication shall be made until such decision has become effective.~~

ACPA American Institute of
Certified Public Accountants
666 FIFTH AVENUE • NEW YORK, N. Y. 10019

Non-profit
Organization
U.S. POSTAGE
PAID
NEW YORK, N.Y.
Permit No. 3681

IMPORTANT: Ballot Material Enclosed

